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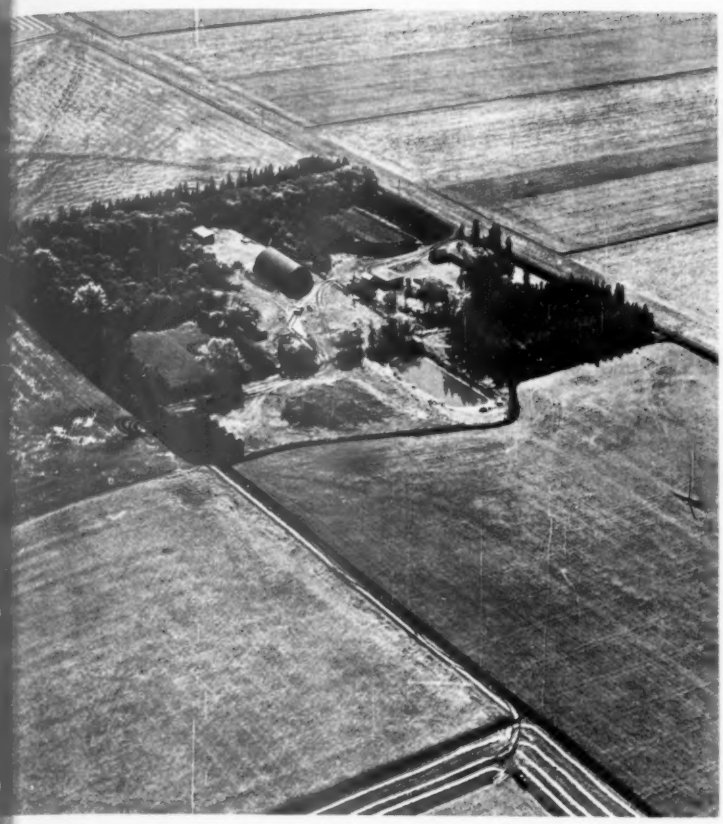

OCTOBER 31, 1966

NEW SITE FOR LONDON'S COVENT GARDEN MARKET

FINANCIAL IMPLICATIONS OF EEC's AGRICULTURAL POLICY

INDIA: FOOD SITUATION IN MAHARASHTRA STATE

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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A Saskatchewan farmstead breaks the rectangular pattern of grain fields in Canada, subject of this week's statistical report appearing on page 20. (Photo, Canadian Department of Agriculture.)

Contents

3 New Site Planned for London's Covent Garden Market

5 Financial Implications of the EEC's Common Agricultural Policy

6 FAO Forms New Group To Study World's Fats and Oils Problem

7 Production Costs Affect Central America's Cotton

8 India's Maharashtra State Tackles Its Food Problem

10 Faster Agricultural Growth Is Goal of New Yugoslav Plan

11 U.S. Honey Seeks a Larger Share of the Growing World Market

Swedish Restaurants and Stores Spotlight American Beefsteaks

12 Survey Team Leader Gives Preview Report of Caribbean Market Study

Time To Sign Up for Participation in Milan Food Show

13 Active Pursuit of Foreign Markets Win "E" for Berger & Plate

Group Seeks Stepped-Up Participation in 1967 Trade Shows Abroad

14 Australia's 1965-66 Agricultural Output Cut Severely by Drought

Good Poultry Sales in Germany Spur Increased Dutch Output

15-19 World Crops and Markets (Commodity Index on page 19)

20 Highlights of the Agriculture and Trade of Canada

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New Site Planned for London's Covent Garden Market

By ROBERT N. ANDERSON
U.S. Agricultural Attaché, London

The sounds, sights, and busy atmosphere of London's famous old Covent Garden Market have traditionally been an inspiration to authors, musicians, and artists, and a real attraction to tourists. But even in London, where custom and tradition are perhaps stronger than any place else in the world, sentiment is giving way to progress and within the next few years Covent Garden will be moved to a more spacious and modern setting.

Covent Garden has served as the principal horticultural market in the United Kingdom for almost 3 centuries. It serves as a national market—distributing to all parts of the country—and as the main market for London itself. Of the seven main produce markets in the London area, Covent Garden is by far the largest and most important, handling around $200 million worth of foreign and locally grown produce each year.

Across the Thames to Vauxhall

The market has long outgrown its confined quarters in the heart of London's business and theater district and will be relocated in an 80-acre area in Vauxhall called Nine Elms, approximately 3 miles from the present market site. New facilities to be put in at Nine Elms will cut distribution costs by 25 percent. New roads, railhead wharfage, new buildings, parking lots, and modern facilities are planned. The area has the advantage of a port on the river, a location on one of the principal rail lines, and easy access by main public roads that skirt the congested central area of London.

The decision to move was made by the Covent Garden Market Authority, an organization set up by the British Government in 1961 to study the problems of the crowded market and come up with a solution. The Authority was empowered to acquire the land now covered by the Garden and control the market. It could purchase new lands, introduce a licensing system for marketing purposes, improve and regulate traffic and produce deliveries to the market, charge rental for spaces used and for services rendered, and levy tolls and charges on horticultural produce sold in the market.

In its first report in 1961, the Authority stated that "the main defects of the market are first, its buildings are out of date, ill-equipped, totally unsuited for mechanical handling of produce, and far too small to cope with the quantity of produce handled. Second, its layout and design creates serious traffic congestion throughout a large part of the Covent Garden area, particularly in the market square, Long Acre, and the surrounding streets. And third, that the activities carried out in it involve the storage of large numbers of empty wooden containers constituting a grave fire risk."

Early in 1962, the lands comprising the old market were vested in the Authority by the previous owners, Covent Garden Market Limited, for $10.9 million. However, with the Covent Garden Market Act of 1966, Parliament decreed that the market should be moved to a completely new site by the end of 1971, and that the present site should cease to be used for market purposes from that date. The new site was agreed to be the best available by the Ministry of Agriculture, Fisheries and Food; by the Ministry of Transport; the Greater London Council; and all the wholesalers, growers, and retailers who use the ancient market to buy or sell foodstuffs.

In operation since the 17th century

The Covent Garden Market had its beginning in 1670 when Charles II granted the Earl of Bedford the right to hold a market in the Covent Garden area for "fruit, flowers, vegetables, roots, and herbs." Famous names like Nell Gwynn and David Garrick are also connected with its history through the theater, coffee houses, and gin palace in the area.

As London grew the market expanded. Additional acquisitions of land were made, gradually pushing the market into the adjoining streets until the area used by its activities covered about 30 acres. Even this was far too

Merchants and buyers in the flower market pavilion at Covent Garden

Above, barrow boy manipulates his cart through congested marketplace to deliver produce from warehouse to waiting trucks.

confined for a modern market which used large vans, trucks, and automobiles.

Anyone who visits the Covent Garden market today, particularly early in the morning when activity is at its height, will be appalled by the congestion and apparent disorganization. About 250,000 cartons of produce arrive in the market each morning, are sold, and sent out before noon of the same day without the help of mechanical equipment.

Buyers come from all over the country to send large shipments of produce to other centers, and on busy days over 3,000 local retailers in London and vicinity crowd into the market to obtain produce for their green grocer stores, fruiteries, and flower stands. Large vans filled to capacity with boxes, bags, and baskets of fruits and vegetables crowd into the narrow streets and take every available space for the unloading of their products.

Because of the congestion, many trucks must wait as long as 3 hours or more. Barrow boys, pushing their barrows piled high with boxes, wind through the stalls and passageways to get their products from the lorries to the stands out to the adjoining streets where cars and trucks of all types wait to carry the produce away.

Year-round fresh fruits and vegetables

About 60 percent of fruit requirements and 15 percent of the vegetable supply distributed from Covent Garden is imported, making fresh citrus and deciduous fruits, vegetables, and flowers available throughout the year for those who are willing to pay the price. Browsing through the busy market one may find California tangerines, lemons, oranges or grapes; Florida grapefruits, celery, asparagus; Georgia or South Carolina peaches; Illinois lettuce; Texas carrots and onions; Oregon pears; and Virginia, Washington, and Oregon apples.

A recent development is the import of certain fruit and vegetables by air from the United States when they are particularly scarce on the British market. Only a little goes through the Covent Garden Market, but when the volume increases and air freight costs are further reduced, it is believed that a large part may be sold and distributed through the Covent Garden Market channel. Even now

Above, trucks jam the market square. (Photo courtesy U.K. Ministry of Agriculture, Fisheries, and Food.) Below, salesman looks over crates of fruit.

an important volume of air-shipped U.S. strawberries, imported mainly from California in the late winter and early spring, are distributed through London markets.

Some people have suggested that large wholesale markets such as Covent Garden are becoming obsolete through the evolution of supermarkets and large grocer chains that demand direct shipments from large producers or cooperatives. However, studies here indicate that a new, modernized market of a type intended by the present plans for Nine Elms will help satisfy the requirements of the supermarkets as well as the many independent establishments that are expected to continue serving the British public for years to come.

Financial Implications of the EEC's Common Agricultural Policy

By JAMES B. SWAIN
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As the European Economic Community moves toward the creation of a unified farm market and support system among its six member countries by July 1, 1968,[1] the financial burdens of supporting the Common Agricultural Policy have mounted above previous EEC estimates.

The financing of the CAP has been the joint responsibility of the Member States and the European Agricultural Guidance and Guarantee Fund (FEOGA—Fonds Européen d'Orientation et de Garantie Agricole). FEOGA was set up by the Community in July 1962 to carry out the tasks of stabilizing internal prices, subsidizing exports, and aiding the structural reorganization of EEC agriculture—in short, to finance the CAP.

So far, FEOGA has borne a regularly increasing share of the total agricultural expenditures of the six countries. Its revenues have come partly from their budgets and partly from annual contributions in proportion to each country's net agricultural imports from third countries.

From July 1, 1967, however, both the responsibilities and the financing of FEOGA will change.

What the Fund will finance

The Council of Ministers agreed in May that FEOGA will take over from Member States on July 1, 1967—

- *The full cost* of financing internal market support measures and export subsidies (under its Guarantee section). Total expenditure by this section of the Fund is estimated by the EEC Commission at $1.2-1.3 billion in 1967-68, of which some two-thirds will be spent on subsidizing exports; and
- *part of the cost* of financing long-term projects to improve agricultural efficiency, such as land consolidation, irrigation, drainage, and improvement of storage and marketing facilities (under its Guidance section). An overall ceiling of $285 million was placed on this section of the Fund, FEOGA being entitled to repay up to 45 percent of the costs of certain projects.

Thus, full Community responsibility for the financing of CAP expenditures will begin July 1, 1967, for all products then subject to market regulations. This includes all major EEC farm products except tobacco and sugar, for which Community financing will begin when their marketing regulations come into force.

CAP costs are increasing

Estimates of the Fund's expenditures have been rising rapidly as the Community's financial responsibility has been extended to more and more products. The EEC Commission's earlier estimates, modified by resolutions passed in May and July concerning additional Community financial commitments, indicate that by 1970, total expenditures by the Fund may be well in excess of the projected $1.5 billion, even on the assumption that the $285-million ceiling for the Guidance section is retained.

The principal categories of expenditure under the Guarantee section are estimated as follows:

	Million dollars
Export subsidies on grains	260
Subsidies on skim milk for animal feeding	203
Export subsidies on dairy products	158
Deficiency payments to olive oil producers	140
Subsidies on milk for processing certain cheeses and casein	88
Market support operations:	
For tobacco	60
For fruits and vegetables	60
Seasonal compensation for butter	55
Export subsidies on sugar	46
Market support operations for oilseeds	40
Export subsidies on pigmeat	26

How the Fund will be maintained

From mid-1967 to 1970 the Fund's expenses are to be met by a formula based partly on agricultural import levies (90 percent of each Member State's proceeds from variable levies are to be turned over to the Fund) and partly on budgetary contributions by Member States according to a fixed scale. Under this formula, a little less than half the expenses of the Guarantee section in 1967-68 will be met by contributions in proportion to variable levies collected on imports (for which Germany bears the greatest burden). A little more than half will be met by contributions in proportion to the budgetary scale, which makes France, with 32 percent, pay a slightly greater share than Germany, with 31.2 percent. Italy's share was fixed at 20.3 percent, while the Netherlands is to pay 8.2 percent, Belgium 8.1 percent, and Luxembourg 0.2 percent. This latter scale also determines the contributions to the Guidance section of the Fund.

Under this arrangement, Germany and Belgium-Luxembourg are being called upon initially to bear the greater share of the cost of the Community's agricultural program, of which France and the Netherlands, as the Community's leading agricultural exporters, will be the major beneficiaries. Italy also benefits, but on a much smaller scale.

Compensation payments to Member States

The Community's financial arrangements have led to hard bargaining among Member States; and France's partners have attempted wherever possible to redress the balance of national financial advantage through the introduction of special categories of expenditure and the administration of the funds from the Guidance section.

Germany, Italy, and Luxembourg will receive $414 million from Community funds during the years 1966-67 to 1969-70 as compensation for their acceptance of a lower grain price. Compensation payments were authorized for Italy and Belgium for delays in implementing market regulations: Italy will receive $45 million for structural improvements during 1965-66 in the fruit and vegetable and olive oil sectors and a further $15 million for improvement of tobacco production and marketing structures in

[1] See "The EEC's Common Agricultural Policy Is Nearly Completed," *Foreign Agriculture*, Aug. 15, 1966, p. 7, and "How the New EEC Farm Decisions May Affect U.S. Exports." Oct. 3, 1966, p. 3.

1967-68; Belgium will receive $12 million for costs during the year 1965-66 to 1967-68 for the marketing of sugar. Italy and Luxembourg obtained an agreement giving them a certain priority claim to Guidance funds, and at the July meeting of the EEC Council Luxembourg was authorized an additional $4 million from this section. The main effect of these compensation payments, to be phased out by 1970, will be to adjust more in favor of Germany, Italy, and Belgium-Luxembourg the balances that these countries have with the Fund.

Future sources of the Fund

Estimates of price support and other expenditures of the Fund have risen to such an extent that Member States are likely to incur larger and growing expenditures under the Guarantee section of the Fund as the Community attains or exceeds self-sufficiency in some key commodities. This probability implies the financing of surpluses with smaller receipts in the form of import levies and larger receipts in the form of budgetary contributions.

This issue may assume even greater importance in 1970, the year when the scale of contributions comes up for renegotiation. At that date, while all levies on agricultural imports will go directly into the Fund, regular budgetary contributions by Member States will predominate unless other independent revenue sources are designated.

Future financial problems

One of the consequences of maintaining a comprehensive price support system at high levels is an increase in the costs of assistance to inefficient production and of surplus disposal. The problem is magnified by the inclusion of additional countries within the system, as associate members of the EEC in Europe, Africa, and the Near East seek EEC assistance in meeting the costs of bringing their farm policies into line with that of the Common Market. Probably the best hope that the EEC system may become less protective will lie in the desire of most EEC members to limit the cost of farm support and in the efforts of new members to prevent large rises in food costs.

FAO Forms New Group To Study World's Fats and Oils Problem

Last year, the Food and Agriculture Organization of the United Nations, through its Committee on Commodity Problems, decided that because the various oils and fats were so largely interchangeable, economic problems affecting any of them could not be effectively studied or solved in isolation. The CCP has therefore widened the scope of its Group on Coconut and Coconut Products, to include all oilseeds, oils, and fats, with particular emphasis on those of importance to developing countries.

The new group—called the FAO Study Group on Oilseeds, Oils and Fats—held its first session in Rome September 26-October 1, 1966. Official attendance of more than 100 included delegates from 38 countries and observers from 3 countries and 15 international organizations.

The United States has an active interest, being not only the world's largest producer and exporter of oilseeds and oilseed products, but also a large importer of vegetable oils, particularly of the palm variety.

Long-term supply and demand trends

Of particular interest was a provisional report projecting world fats and oils supply and demand by 1975. Based on anticipated growth in population and possible growth in income, low and high projections were built up for demand in each region of the world. On the "low" assumption, world supply and demand would balance at around 46 million metric tons by 1975—an increase of almost 40 percent over the base period; on the "high" assumption, at around 49 million tons—up 50 percent.

This statistical equilibrium also assumes three theoretical developments in world fats and oils trade over the decade: That Western Europe's imports would expand more slowly than in the past; that the "centrally planned" (Soviet-oriented) countries would have substantial deficits and would meet them by imports; and that many developing countries would be able to step up their imports to meet a large part of their consumption increases.

Discussion brought out many points of concern. Exporting countries (particularly the developing ones) were disturbed by the low consumption—both present and projected—of developing areas, as well as the lack of increase projected for net imports of developed countries.

Importing countries (again, particularly the developing ones) were concerned over the difficulties of financing fats and oils purchases to meet even the low consumption requirements projected. Note was taken, however, of the role which expanded food aid programs might play in meeting these needs.

The Group as a whole agreed that the projections were a valuable framework for continuing consideration of the need for much greater increases in the oils and fats production and consumption of developing countries.

National and international policies affecting trade

The Canadian delegate voiced concern over the recent increase in the European Economic Community's rapeseed price support, pointing out that this would probably spur production increases in countries such as West Germany. The U.S. delegate voiced similar concern over the proposed EEC olive oil policy, particularly the higher support levels, which would act as production incentives. The EEC spokesman was asked to evaluate in his report to the session the effect of these proposed support increases on imports and domestic consumption.

Some delegates expressed concern over the increase in the U.S. soybean support price. It was pointed out, however, that expansion of the soybean crop will be largely offset by reduction in the cottonseed crop as a result of acreage limits. Comments on P.L. 480 soybean oil shipments ranged from full appreciation of the need for them to concern over possible displacement of commercial sales from developing countries like the Philippines.

An FAO paper on the possible international organization of the fats and oils market was examined with interest. Most delegates agreed on the need of studying the subject further in depth, to gain a clearer view of the factors that affect the functioning of the market, before trying to judge the feasibility of an international agreement.

Production Costs Affect Central America's Cotton Industry

Progress in Central America's thriving cotton industry has shifted its form somewhat in the last year or two—the result of rising production costs combined with slightly lower world prices and some weather problems. Farmers in Guatemala, Nicaragua, and El Salvador, who previously had concentrated their efforts on getting the crop to market, are starting to look more closely at how they can be more efficient producers.

Efficiency has not always been a major concern to the Central Americans because even somewhat inefficient cotton growing has been profitable business. Land is fertile, yield per acre in the area is among the highest in the world, and incomes generally have been good. Since 1960 the region has more than doubled its production and exports, making cotton the area's No. 2 commercial crop after coffee. But now the margin of profit has narrowed, and the drive for efficiency is on.

Central American farmers have traditionally spent large amounts on insecticides and aerial spraying, but have operated without the guidance of technical advisers. With such a lack of scientific information on which to base their insect control, some farmers feel they are applying more insecticide than is needed for effective insect control.

To help farmers cut out unnecessary expenses, public agencies are setting up extension programs to train people how to measure the degree of infestation and determine when insecticides should be applied. The agencies hope to improve the basis for determining what insecticides to use, and with what volume and frequency. Attention is also being given to the development of laboratories that will be able to determine whether labels on insecticides accurately indicate their degree of concentration.

Banks are reluctant to lend

A prime incentive for the belt-tightening undoubtedly is the recent reluctance on the part of those agencies and firms on whom the farmers depend for production credit to advance as much credit as formerly. Each year farmers have borrowed as much as two-thirds of their total production costs from banks and bought the rest of their equipment and supplies on dealers' credit.

The banks have always been repaid in full, since they hold all available collateral. Dealer advances are normally repaid too, but if any debt is carried over from one year to the next it is the dealer who must wait for his money.

Despite any tightening of credits that may have occurred this season, total output and acreage of the several Central American producing countries are not expected to be seriously affected. With the exception of El Salvador, where the cotton economy is quite depressed by several bad years, only a few of the most inefficient farmers appear to be experiencing financial difficulty; they are trying to up their efficiency on reduced acreage.

In Guatemala—as in most of the Central American countries—the cotton industry has been steadily and profitably expanding in recent years. The increased efficiency that can reasonably be anticipated will undoubtedly offset any minor setbacks from reduced prices and acreage.

Nicaragua survives dry weather

In Nicaragua and neighboring countries last season, dry weather at planting time kept acreage out of cotton that otherwise would have been planted, caused stands to be poor, and reduced yields about 25 percent from the previous year. Despite the weather problems and lower yield, acreage in Nicaragua increased 16 percent, keeping the reduction in total output to 14 percent from a year earlier. This season, moisture conditions at planting time were ample. If acreage planted is the same as in 1965-66, and yields are equal to the best in recent years, Nicaragua could have a crop that would materially exceed its record in 1964-65.

El Salvador has experienced declining cotton yields during the last few years. In both 1963-64 and 1964-65, however, acreage expanded enough to more than offset the lower yields, and production rose to new records. In 1965-66 the combined effect of lower yields and rising costs forced about a 20-percent cutback in acreage. Yields were down, and output dropped by more than one-third.

A more severe cutback in acreage has taken place this season, and the number of farmers producing cotton also has declined. Optimistic observers believe that the problems faced by Salvadoran farmers—largely pest control—can be overcome within the next year or two.

Cotton fresh from a Guatemalan field (below) is brought into a local gin. The lint is baled and stored outside (left), and shipments made before the rainy season begins.

India's Maharashtra State Tackles Its Food Problem

By ROBERT B. EVANS
U.S. Agricultural Officer, Bombay

Until 1965-66, people in Maharashtra, wealthiest of India's States, never worried much about the 2½-million-ton gap between their production and consumption of foodgrains—these could easily be bought from other States or nations.

But that sense of complacency was rudely shaken in 1965-66, as Maharashtra endured about the heaviest of India's severe crop losses and saw its food deficit nearly double. In response, the State not only enacted stiff rationing measures and requested larger grain imports, but it also began a campaign to spur food production.

Industry strong, agriculture weak

Numbering some 45 million, the people in this west-coast State enjoy the highest per capita income in India. They also lead in industrial employment—as the State has nearly one-fourth of India's industry—and in commerce.

They have, on the other hand, lagged in food production. In 1964-65, a normal season, Maharashtra's production of foodgrains and pulses—mainstays of the diet—was 6.7 million tons, some 2.5 million below the normal foodgrain and pulse consumption of 9.2 million. Around a million tons of the needed import that year came from the United States, mainly as wheat, under Public Law 480; another 300,000-400,000 moved as rice from other Indian States and abroad.

Then came the inadequate monsoon of the 1965-66 season; Maharashtra's foodgrain production plummeted to 4.6 million, leaving a consumption gap of the same amount. In terms of crop losses and people affected, Maharashtra was in worse shape than any other State of India.

Turning to normal sources of supply elsewhere in the country, Maharashtra found that crops were small all over India, as total production had fallen to 72 million tons from the 89 million of 1964-65. States that normally produced a surplus for outside sale now even found themselves short of enough food for their own needs. A government ban on the commercial movement of principal grains from one State to another had caused a wide price gap between primary markets and consuming markets, while the purpose of the ban—to allow larger government acquisitions for deficit areas—had not been fulfilled.

PRODUCTION OF CROPS IN MAHARASHTRA STATE, INDIA

Crop	Average 1955-56/ 1959-60	Average 1960-61/ 1964-65	Best season 1960-61	1964-65 (revised)	1965-66
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Grain sorghum	2,909	3,400	4,224	3,249	2,302
Wheat	367	406	401	407	307
Rice	1,252	1,424	1,369	1,454	849
Other cereals	747	748	761	745	521
Total	5,275	5,978	6,755	5,855	3,979
Pulses	863	885	989	876	666
Total cereals & pulses	6,138	6,863	7,744	6,731	4,645
Peanuts	716	783	800	792	437
Sugarcane (gur)	846	1,119	1,156	1,134	985
	1,000 392-lb. bales	*1,000 392-lb. bales*	*1,000 392-lb. bales*	*1,000 392-lb. bales*	*1,000 392-lb. bales*
Cotton lint	1,043	1,295	1,597	1,266	978

Compiled from *Maharashtrain Economic Review*, published by Bureau of Economics and Statistics, Government of Maharashtra, Bombay, 1966, and manuscript data from Agricultural Statistics.

Timely arrival of U.S. grain

The situation would have been grave indeed had it not been for the timely arrival of P.L. 480 foodgrains. In fiscal 1966, Maharashtra was allocated 1,275,000 metric tons of imported wheat—almost all from the United States—and 410,000 tons of P.L. 480 grain sorghum. The latter served particularly to help the rural people of the State for whom jowar, or Indian sorghum, is the staple food. In addition, the Government of India allocated 228,000 tons of rice to the State, largely from commercial purchases abroad. Thus the State received close to 1.9 million tons of the 10.5 million tons of foodgrains estimated to have been imported into India in 1965-66.

These imports, along with a rationing system and such measures as two riceless days a week in restaurants, helped to avoid famine.

No doubt existing private stocks of grains were drawn down greatly, but there are no statistics on that point. The wealthier groups were able to afford higher priced foods like eggs; poultry, fish, and other meat; milk; and fruit. But food prices generally shot up, and there was an acute shortage of fats and oils.

Up-to-date equipment, such as the Japanese rice-cultivating machine above, is needed if Maharashtra is to bring food output to a satisfactory level.

Left, Peace Corps volunteer shows an Indian farmer how to grow hybrid corn. Above, this new "bund" will help conserve water and prevent soil erosion in Maharashtra.

The State had a close shave in 1965-66 and is determined not to let it happen again. Chief Minister V. P. Naik, who has expressed several times his government's firm commitment to wipe out the foodgrain deficit, initiated a campaign last fall to bring self-sufficiency in foodgrains.

A first step of the program was to improve distribution of available water. Farmers who previously had to petition several agencies before they could draw unused water from the streams were told that they could make immediate use of such water. They were also ordered to divert 25 percent of the irrigation water from cash crops to food crops. This latter change forced such a saving of water supplies that more food crops were irrigated than usual without causing any loss in the commercial crops.

In all, these actions were credited with increasing winter crop prospects in 1966 by 20 percent over what they would have been otherwise.

Next, steps were taken to solve some of the longer term problems that have retarded agricultural expansion in Maharashtra. These problems include irrigation of only about 7 percent of the crop area; farming practices that are generally primitive, such as plowing with bullocks and steel-tipped wooden sticks; and practically no use of fertilizer on much of the farmland.

Other irrigation measures

In an effort to alleviate the continued under utilization of irrigation facilities already built, the government has agreed to build small canals right up to the farmers' fields. Formerly, it had left these matters up to the cultivators, thus creating countless problems of organization and finance for the Indian farmers.

At the same time, the government has made it financially easier for farmers to convert from dry farming to irrigation by reducing to zero its rates for irrigation water during the first year of use, to one-fourth during the second year, one-half during the third year, and so on.

For construction or repair of wells and the setting up of diesel or electric pumps, Maharashtra has appropriated 500 million rupees ($67 million). Twenty-five percent of the cost is subsidized and so is the interest rate on loans to provide additional well water. Goal of the State is to expand the number of wells from the current 600,000 to 775,000 within the next 5 years and to increase the number of electric-, gasoline-, and oil-driven pumps by some 150,000. The fact that many of the pumps are manufactured in Maharashtra has helped in this latter development.

An additional aid to irrigation was the State's recent temporary transfer of many thousands of its employees to the zilla parishads—a 3-year-old system of local governments—to help them function more efficiently. The zilla parishads have heretofore failed to develop satisfactory machinery for maintaining tens of thousands of long-used small irrigation "tanks" and wells.

Soil conservation, plant improvement

In the field of soil conservation, Maharashtra State is bunding, leveling, and terracing about 2 million acres of moderately sloping land a year. Thus far, some 7 million acres—of the 36-million-acre goal—have been improved in this way. Also, the program was used last year as a means of providing emergency employment for cultivators left stranded by the drought, enabling them to purchase wheat or grain sorghum at nearby "fair price" shops.

Farmers participating in the soil-conservation program are provided technical direction free and may repay the actual labor costs over a period of years.

Another important project is the importation and multiplication of foundation stock. When Secretary of Agriculture Freeman visited the Bombay area in July, one of the sights he was shown was a field of Taichung Native I rice. In all, 170,000 acres were planted to this high-yielding variety; it was developed by the Philippines International Rice Institute—which is supported by the Rockefeller and Ford Foundations. In addition, the State is importing foundation stock of grain sorghum, hybrid corn, and Mexican wheat.

These seeds are to be multiplied on 75,000 acres this year, with the goal of providing enough quality seed for 10 million acres in 1967-68. Area planted to high-yielding varieties in 1966 is estimated at 1.9 million acres.

Consumption of chemical fertilizer, which is lower per

acre in India than in practically any other country, is being expanded. Maharashtra State will benefit particularly from the new Trombay (Bombay) plant of the Fertilizer Corporation of India, which was commissioned last November. The plant—financed by the United States with a dollar loan of $37.8 million and a P.L. 480 rupee loan equivalent to $45.2 million—has an annual capacity of 330,000 tons of nitrophosphate and 97,500 tons of urea.

Production of required pesticides is also moving ahead rapidly. Maharashtra has a program of subsidized aerial spraying and by next year is expected to be the largest consumer in India of plant-protection chemicals.

In addition to land-improvement programs, the State is working directly to better the lot of the farmers.

It has begun training programs over much of the State through which farmers can exchange views and see demonstration plots.

It also continues to encourage the organization of cooperatives—an area in which it is perhaps foremost among all the Indian States. Today there are some 25,000 agricultural cooperatives in the State, with 3.3 million members and a working capital of 1,680 million rupees ($224 million); they own 25 sugar factories and several rice and other processing factories. Financial cooperatives—called the most valuable of the cooperatives because of their role in breaking the moneylender's hold on rural India—have made credit widely available within the State.

All these ambitious undertakings, however, must be viewed in the light of the many hard-to-overcome problems that still remain. The State will not, for instance, enjoy any appreciable effect of its birth-control program for the next several years, and in the meantime must cope with a population growth rate in excess of 2.5 percent annually. And it will always be subject to the vagaries of the monsoon, whose overabundance or absence can mean a difference of as much as 40 percent in the crop production.

Thus, Maharashtra officials continue to refine and expand the most intensive agricultural development program in their State's history, their eyes set on self-sufficiency, their hopes still riding on the all-important monsoon.

(The summer monsoon has now ended, and although it appears that no records will be broken, there should be a recovery in crop production to at about normal.)

Faster Agricultural Growth Is Goal of New Yugoslav Plan

Yugoslavia's rate of agricultural growth will be expanded sharply over the next few years, according to that nation's new 5-year plan for 1966-70.

Approved in July by the Yugoslav Federal Assembly, the plan calls for a total production gain of 25 percent, or 4.6 percent a year. By comparison, the annual rate of growth during 1960-65 was only 0.8 percent; the goal for that period, an optimistic 8.3 percent.

Socialist sector favored

As in the past, the main approach to expanded output will be through the socialist sector, which according to the plan "will be switching more and more to the industrial way of production." Although now supplying only about 20 percent of total agricultural output, the state farms and collectives are to account for about two-fifths of the called-for production gain.

Numbers of tractors on these farms will rise some 50 percent above the 1965 level to about 60,000; and numbers of jobholders will decline as labor productivity mounts even faster than agricultural production.

Consumption of chemical fertilizer will increase to 4 million metric tons, or about double the 1964-65 average, with most of this going to the state-run farms.

During the new plan, stress will also be laid on getting the individual farmers to work harder and contribute more to agriculture.

Private farmers will be able to obtain more fertilizer, as well as more single-axle tractors, light tractors, and other machinery and equipment.

At the same time, these farmers will be subject to stiffer enforcement of the agro-minimum, which obligates individual owners to apply minimum agricultural techniques on the land they hold. This law was passed in 1959 with the purpose of spurring a greater effort in the private sector. However, acreage limitations, lack of inputs, and stiff competition in the marketplace from state-run farms have resulted in the private farmers' devoting additional earnings to bettering their levels of living rather than to improving their operations.

Production of most commercial crops is to be expanded during the plan period.

Goals for the crops

For wheat, the government has set a 1970 production goal of 4.6 million tons, or higher; self-sufficiency is the long-term aim. The target for corn, on the other hand, is 8 million tons, which would supposedly make possible expanded livestock feeding and sizable corn exports. (Preliminary estimates for 1966 indicate that both of these goals may have already been realized; favorable weather and greater use of fertilizer contributed to record grain crops this year.)

Output of milk and meat is also to rise—some 24 percent above the 1964-65 average. Higher guaranteed prices for beef and milk are expected to encourage production of these items. Also, beef will continue to be favored by strong market demand, both at home and in foreign markets. Increased output of pork, however, depends on improvement in hog-fattening technologies. According to the government, the product has thus far been characterized "by a low conversion of the animal feed and a low production of hogs on the hoof."

Gains are also slated for sunflowerseed, production of which is to rise about one-fourth above the 1964-65 average; sugarbeets; tobacco; and vegetables.

YUGOSLAV PRODUCTION GOALS FOR SELECTED AGRICULTURAL PRODUCTS

Item	Average 1964-65	Target 1970
	1,000 metric tons	*1,000 metric tons*
Grains, total	11,175	14,000
Vegetables	1,925	2,700
Fruit and grapes	2,290	2,900
Meat	698	965
	1,000 liters	*1,000 liters*
Milk	2,400	3,200

U.S. Honey Seeks a Larger Share of the Growing World Market

World trade in honey is on the upward move, reflecting the growing fondness of people around the globe for this nutrient-rich, natural sweet. As the world's largest producer, the United States hopes to share in this growth, particularly through expanded sales of orange blossom honey.

Although total U.S. honey production has fallen off somewhat since the record crop of 1963, output of this type, light in color and distinctive in flavor, is rising, and packers and dealers are interested in boosting exports.

Orange blossom honey from the United States made a big impact on both consumers and trade at West Germany's recent IKOFA (International Exhibition of Groceries and Fine Foods) in Munich. Consumers enjoyed samples at the U.S. honey booth sponsored by FAS, while representatives of five U.S. companies handled trade inquiries and orders from the Austrian, Dutch, Swiss, and Belgian trade as well as the West German. Similar promotions have taken place at one or two international trade fairs annually over the past several years.

Production of honey in the United States last year amounted to about 278 million pounds, compared with the record 1963 crop of 299.4 million. Output this year is expected to approximate the 1965 level. But on a world basis, honey production is trending upward despite somewhat lower output last year as compared with 1964. The smaller 1965 crop resulted chiefly from lower Argentine output.

U.S. honey exports last year, at about 13.8 million pounds, rose 35 percent over those of 1964 but were only about half the record exports of 1963. Exports this year are expected to approximate the 1965 level. In the first 6 months of 1966, they were running slightly ahead of exports in the comparable 1965 period.

Two factors in the world honey picture brighten the longer range prospects for U.S. honey exports: Argentina, last year's largest exporter and always, with Mexico, among the top two, will very likely face a decline in its shipments as a result of another short crop and a sharp rise in domestic consumption. Production is also down this year in West Germany, by far the world's largest importer, 100 million pounds annually.

The German market accounted for about 5.5 million pounds or almost 40 percent of U.S. honey exports last year. In the same period, Germany imported 34.9 million pounds from Argentina and 30.3 million from Mexico.

While the United States increased its honey exports last year, it likewise saw a rise in honey imports. At 13.3 million pounds, these rose 8.4 million pounds from the 1964 level. However, in the first 6 months of the current year, imports of 5.2 million pounds are running 1.4 million behind comparable 1965 imports.

U.S. honey packed in squeeze-bottle toys was a big hit with these German children at Munich's IKOFA food fair.

Swedish Restaurants and Stores Spotlight American Beefsteaks

U.S. top-quality beef is being featured in two promotions in Sweden this fall. The American steaks being spotlighted by three of Stockholm's finest restaurants have already become the most popular item on their menus. The second promotion, begun early this month in a chain of some 165 food stores in southern Sweden, is a special sale of boneless steaks in portion cuts averaging about 4 ounces each.

Outside and inside Operakällaren, one of the restaurants featuring U.S. beef. Diners include prominent Swedes and U.S. Ambassador J. Graham Parsons (r).

Survey Team Leader Gives Preview Report of Caribbean Market Study

Last month a small FAS market survey team made an on-the-scene study of the prospects for expanding U.S. dollar exports of agricultural products to a number of countries in the southern Caribbean area.

The team visited hundreds of businessmen and government officials in St. Kitts, Antigua, Barbados, Curacao, Aruba, Surinam, Trinidad, and Guyana to get the information needed to determine market potentials for specific products in each country. Findings of the survey will be published in detail later.

In this article, R. L. Beukenkamp, who headed the team, gives background facts about the countries pertinent to market development and a few highlights of the survey findings.

The countries visited by our team last month are dotted over some 1,200 miles of sea and ocean and have a population of about 2.5 million. Except for newly independent Guyana (formerly a British colony) all are either members of the British Commonwealth of Nations or are united under the Dutch Crown, the latter countries being associated with the European Economic Community.

All have in common a colonial past during which most of them provided European mother countries with sugar, cotton, bananas, copra, cacao, and other tropical products and in turn were an outlet for European capital goods.

Antigua, St. Kitts, Barbados, Trinidad and Guyana—like most of the other Caribbean countries that formerly were British possessions—still depend on the British market for their sugar and are bound closely to Commonwealth trade by preferential tariffs. The other countries—Aruba and Curacao of the Netherlands Antilles and Surinam—are open markets.

Sugar most important crop

Today the economies of these southern Caribbean countries are geared to a few tropical products, minerals, tourism, oil, and frozen shrimp. Sugar is the most important single source of revenue; tourism is next. Curacao, Aruba, and Surinam have the highest per capita incomes. Both Surinam and Guyana are rich in a variety of minerals and earn a healthy exchange with their mineral exports (mostly bauxite).

Trinidad produces oil

Curacao and Aruba have high-income-producing oil refineries. Oil has been struck in Barbados, and oil explorations are underway off the shores of Surinam and Guyana.

Of the total agricultural imports of the countries visited, around 22 percent come from the United States. In 1965 these imports amounted to about $30 million. The Netherlands Antilles are now our largest market for agricultural products in the southern part of the Caribbean area and the market that holds the greatest promise for promotional activities to increase our exports. Next largest U.S. markets (in order) are Trinidad and Tobago, Guyana, Surinam, and Barbados.

Three current developments favor greater U.S. promotional activities in these southern Caribbean countries.

- All of these countries are on the verge of reorientation politically and economically. They are looking to the United States and Canada for help in both areas. They feel more and more that they belong to the Western Hemisphere and that their futures are more closely linked with America, less with Europe.
- The cost of producing agricultural products is rising in Europe, which will mean that European exports to the Caribbean are bound to increase in price.
- In our current balance-of-payments position, we cannot afford to overlook any customer who pays dollars.

It was apparent to the survey group that at least part of the reason that U.S. products command only a small percent of the market in these countries is lack of aggressiveness on the part of our export trade.

Everywhere we were told that very little information was available from U.S. exporters, whereas Canada, Australia, and New Zealand—with much less to offer—were active day in and day out and flooded businessmen with welcome product information.

Products that might be promoted

What products might be most profitably promoted in these markets?

Detailed answers to this question will be available only after the facts collected by the survey team are analyzed and evaluated. But demand for the following products is already increasing: Wheat, wheat flour, and feed grains (mostly concentrates); meat products—mainly pickled meats; broilers and chicken parts; breeding pigs and breeding cattle; hatching eggs and chicks.

The demand for high-quality U.S. meats, poultry, fruits, and vegetables, is sure to increase as these areas become more and more popular as a tropical playground for U.S., Canadian, Latin American, and European travelers.

Time To Sign Up For Participation in Milan Food Show

U.S. food companies or their Italian agents and importers who want to take part in the "Second United States Food Products Exhibit" at the U.S. Trade Center in Milan next January 18-24 must sign up for it before December 1.

Signed and completed participation agreements should reach International Trade Fairs Division, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, D.C. 20250, on or before that deadline.

The Milan exhibit—first on the 1967 calendar of international food promotions sponsored by FAS and Grocery Manufacturers of America, Inc.—will showcase a wide range of brand-name processed and packaged food products of U.S. origin, including gourmet and specialty-type items.

Firms that offer catering packs are encouraged to include them, since institutional users serving Italy's booming tourist trade are especially interested in this type of product.

At the exhibit each participating firm will be furnished a display space equipped with shelves and identified with the company name. The exhibitor must provide enough products for display, sampling, and demonstration and have a representative to attend its display full time. However, two or more firms may be represented by the same person—if he is authorized to write orders and fully represent each.

Active Pursuit of Foreign Markets Wins "E" for Berger & Plate

Setting up business where the biggest markets are: This, according to D. L. Berger, president of the Berger & Plate Company of San Francisco, Cal., is the main reason for his firm's growing volume of export sales.

Its growth in overseas sales of peas, beans, feeds, lentils, and seeds—plus emphasis on customer service and a continuing search for new markets—earned for Berger & Plate a Presidential "E" Award.

The "E" citation was presented to Mr. Berger by Mark C. Feer, Deputy Assistant Secretary for Financial Policy, U.S. Department of Commerce, at a special luncheon in San Francisco last week. Representing the Department of Agriculture at the presentation ceremony was Callan D. Duffy of the General Sales Manager's San Francisco office.

Moves into market—literally

Berger & Plate established a subsidiary company in 1961 in Geneva, Switzerland—about in the middle of the firm's largest market area, Western Europe. This subsidiary company serves chiefly as a data gathering and sales organization for the parent firm. Since countries throughout the world compete for Western Europe's business, the Geneva company closely follows competitive conditions in all the world's major producers and consumers, noting the effects of these on European consuming areas. In this way, Berger & Plate is better able to determine the supply and demand situation around the world and develop its sales programs accordingly.

Having its own subsidiary in Europe has allowed Berger & Plate to offer its customers a variety of services that have, in turn, meant a larger volume of business. For example, the European office accumulates and consolidates small orders from many customers to take advantage of more economical prices for large purchases and shipments. Savings in commodity cost and freight are reflected in more attractive and competitive prices.

As grower, processor, domestic shipper, and exporter, Berger & Plate brings to its overseas customers a further service—a direct source of supply. The company's staff is made up of specialists in the commodities it handles, enabling it to interpret market and crop information in terms of potential sales and quickly meet customers' needs for firsthand facts.

The search for new markets has taken Berger & Plate from Western Europe to Israel and Japan, and the quest is continuing. Emphasis in overseas promotion is on acquainting consumers with the high quality of American peas, beans, lentils, seeds, and feeds.

International-service oriented

Berger & Plate's president was among the founders and is now serving as international vice president of the Confederation Internationale du Commerce et des Industries des Legumes Sec, an organization of associations of dried pea, bean, and lentil exporters and importers from the major producing and consuming countries around the world.

Besides bringing together leading members of the worldwide industry and developing free exchange of information among them, the Confederation also has a subcommittee concerned exclusively with representing the industry before the committees of the European Economic Community. Consequently, the U.S. industry—through its representative, the National Dry Bean Council—has been able to present its position on tariff policies affecting the free movement of its commodities into Common Market countries.

Group Seeks Stepped-Up Participation in 1967 Trade Shows Abroad

How can U.S. food firms participate most effectively in the 1967 FAS-Industry program of major food exhibits to promote American food products in foreign markets?

A group of seven top-management officials from leading U.S. food firms met with the director and staff of FAS International Trade Fairs Division this month in Washington, D.C., to explore this question—at the invitation of FAS and Grocery Manufacturers of America, Inc., who jointly sponsor the food shows each year.

Active partners

Each member of the group has been actively involved in the overseas promotion program, which this year included 13 exhibits at major European trade fairs, 6 exhibits at U.S. Trade Centers in London, Milan, and Tokyo, and the first large-scale "trade-only" food show in a developing market—the American Food Products Exhibition in Hong Kong last month.

Main items on the agenda were evaluation reports on this year's food promotions, including an estimate of the usefulness of various innovations, and a discussion of ways to strengthen promotions scheduled for 1967.

It was the consensus of the group that a much greater number of food firms than are now participating could profitably take advantage of this method of getting established in foreign markets. It was generally agreed also that increased participation would make promotions more attractive to foreign buyers, particularly if it resulted in a wider variety of food products shown.

All members of the group recommended that this year's emphasis on "trade only" shows and "trade only" areas in shows open to the general public be continued in 1967. Such arrangements make it easier for sellers and buyers to get together.

Planners to review ideas

The group's recommendations and suggestions—including ideas for building up trade participation, for developing "market intelligence" on each country visited, and for followup evaluations of trade shows—were submitted to FAS and GMA officials.

Participants in the meeting were: Edward J. Cunningham, Grocery Manufacturers of America, Inc.; Helen Carlisle, McCormick and Co., Inc.; E. A. Meyer, California Canners and Growers; Andrew Paretti, Bon Vivant Soups, Inc.; Ward F. Parker, Beech-Nut Life Savers, Inc.; Oscar Roesemeier, H. J. Heinz Co.; Charles A. Tucker, Frenchette Division of Carter Wallace, Inc. and J.K. McClarren and Edward A. Gorman of ITFD, FAS.

Australia's 1965-66 Agricultural Output Cut Severely by Drought

Drought in New South Wales and Queensland was among the major causes of a 40-percent drop in Australia's farm income in 1965-66 despite generally continued expansion in the overall economy. The dry weather in these two States caused considerable losses in livestock and crop.

Despite slaughter of many animals to conserve feed supplies, the forced early slaughter caused total carcass weight of all meat slaughtered in 1965-66 to decline 4.3 percent. In the same period, wool production was down almost 9 percent. Favorable conditions in Southern and Western Australia offered some salvation, and some livestock was shipped to these States where pastures were adequate. However, effects of the drought will be felt for some time, as it will likely take 3 or 4 years to build up cattle herds. Sheep numbers, on the other hand, can be built up more rapidly.

The weather also had a dampening effect on grain production. Output of wheat, at 258 million bushels, was down 30.3 percent, oats, at 58 million, down 14.7 percent, and barley, at 40 million, down 20 percent.

Production of dairy products decreased slightly, while that of sugar held fairly steady. Fruit harvests varied by varieties, with sultana output down 15.8 percent and orange production up 4.3 percent.

Brightest crop of 1965-66 was cotton. Largely as a result of new plantings in the Namoi and Ord River Irrigation Districts, production rose 99.1 percent from 45,400 bales in fiscal 1965 to 90,000 in fiscal 1966.

Agricultural interests look to 1966-67 with mixed feelings. Although recent rains have brought relief to hardest hit areas, observers are only cautiously optimistic about future weather conditions. Pasture and crop growing conditions are now generally good. However, even though soil-moisture conditions are much improved, there has been little or no runoff, and irrigation is limited.

Production of all red meats in 1966-67 is now forecast at 1,355,000 long tons (carcass weight), 750,000 of it beef and veal. This compares with 1965-66 output of 1,639,700. Output of wool will also be lower until sheep numbers recover; they were down 14 million from 1965.

Forecasts now put output of grain crops in fiscal 1967 substantially above 1966 levels. With present growing conditions and increased wheat acreage, an all-time peak crop of up to 400 million bushels is expected. Oats output is forecast at 69 million bushels and barley, 48 million.

For fruit, prospects are for harvests slightly above those of last year. However, austerity moves in the United Kingdom and a possible increase of up to 10 percent in freight rates are seriously disturbing those interested in exporting fresh fruit to this market.

WILLIAM R. HATCH
U.S. Agricultural Attaché, Canberra

Good Poultry Sales in Germany Spur Increased Dutch Output

Dutch poultry exporters so far this year have managed to hold onto their strong position in West Germany's highly competitive poultry and egg market. In the last few years Germany has bought about half its poultry and egg imports from the Netherlands, some 348 million pounds in shipments last year.

The good sales have been a boon to Dutch farmers, who have been substantially increasing their output lately. In fact, because of the receptive German market, farmers have plans to expand their output even further this coming year.

Much of the increase is in preparation for an anticipated big jump in sales next July when new Common Market legislation will open free trade between the Netherlands and West Germany. Free trade will eliminate the current poultry import duty of 3¼ cents per pound.

Production increases in poultry thus far this year actually have exceeded export growth, but increases in domestic consumption helped avert a surplus buildup.

On the other hand, production of eggs during the past 3 years has been lagging somewhat because of a smaller export demand. Last year, reduced incubation of laying hens and the sudden drop in egg prices after especially high levels in November and December 1965 accelerated this trend. The dip in price encouraged farmers to cull flocks and to discontinue incubations of eggs for laying purposes.

Dutch producers, however, are being encouraged to produce more eggs, primarily because free trade next summer is expected to boost export sales somewhat. In the past, Dutch eggs have competed favorably with those from Germany and France because production costs in the Netherlands—and hence, export prices—are lower.

Nigeria Associates With EEC

Nigeria's agreement to associate with the European Economic Community—signed in July and now pending ratification—makes the country the first Commonwealth nation to grant preferences to the EEC.

Under the agreement the EEC will accord Nigerian goods a preferential tariff treatment for products except cocoa beans, plywood, and peanut and palm products, for which annual tariff quotas will be fixed.

It is reported that Nigeria will give the EEC a 2- to 5-percentage-point tariff preference on 26 products, including macaroni products; butter; various preserved fish, vegetables, and fruits; and manufactured goods.

New Grain Institute in Mexico

International self-help efforts to increase world food supplies are being supported by the new International Maize and Wheat Improvement Center, whose members met recently in Mexico.

Sponsored by the Rockefeller and Ford Foundations, the research and education center has set its goals to accelerate the rate of increase in corn and wheat production in tropical and semitropical areas around the world.

Among the highly placed representatives attending the meeting were former heads of state and official delegates from the Philippines, Ecuador, Colombia, Chile, Brazil, and Thailand.

EEC Imports of Soybeans, Cakes, and Meals

Expansion in the use of mixed feeds and growth of poultry production in the European Economic Community (EEC) countries have resulted in a sharp increase in imports of protein concentrates. In 1965, EEC imports of principal cakes and meals, plus the meal equivalent of soybean imports, exceeded 5.9 million short tons—320,000 tons above those in 1964 and 80 percent above the 1961 volume.

In 1965 soybean meal imports accounted for 25 percent of the total, against only 12 percent in 1961. This together with soybeans (meal basis) accounted for 60 percent of the total, against roughly 53 percent in 1961. Imports of soybean cake and meal alone in 1965 were nearly 4 times those in 1961, compared with an aggregate growth of only 54 percent for cottonseed, peanut, linseed, and fish cakes and meals.

Fishmeal imports, which rose by 50 percent during the period, accounted for about 16 percent of the total in 1965, against 19 percent in 1961. Although relatively small, annual imports of cottonseed cake and meal nearly doubled in the 1961-65 period.

Among the EEC countries, Italy has shown the greatest relative expansion in cake and meal imports—in 1965 imports were nearly triple those of 1961. Imports into West Germany rose by nearly four-fifths between 1961 and 1965.

Expanding EEC requirements for oilseed cakes and meals reflect the growing demand for poultry and livestock products resulting from continued economic prosperity and upgrading of consumer buying habits. Improved feeding practices, favorable prices for livestock and poultry products, and increased animal units are contributing to the growing demand for protein feed supplements.

EEC IMPORTS OF SELECTED CAKES AND MEALS[1]

Item	1961	1962	1963	1964	1965[2]
COMMODITY	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Soybean cake and meal	399.1	836.8	932.7	1,124.9	1,479.3
Soybeans (meal equivalent)[3]	1,339.3	1,761.5	1,708.9	2,205.9	2,061.2
Subtotal	1,738.4	2,598.3	2,641.6	3,330.8	3,540.5
Cottonseed cake and meal	187.5	282.4	317.2	284.5	369.0
Peanut cake and meal	272.4	402.8	412.4	362.3	392.2
Linseed cake and meal	480.2	607.8	649.5	705.7	701.6
Fish meal	618.9	763.3	734.5	932.1	932.5
Total	3,297.4	4,654.6	4,755.2	5,615.4	5,935.8
COUNTRY TOTALS					
Belgium—Luxembourg	279.5	383.1	327.2	417.4	448.5
France	529.3	954.7	971.6	1,077.7	1,149.7
West Germany	1,543.2	2,024.8	2,049.7	2,592.2	2,752.6
Italy	218.0	350.9	518.8	476.9	646.9
Netherlands	727.4	941.1	887.9	1,051.2	938.1
Total	3,297.4	4,654.6	4,755.2	5,615.4	5,935.8

[1] Includes meal equivalent of soybean imports. [2] Preliminary. [3] Converted at an average rate of 78.57 percent.

Average prices c.i.f. European ports in calendar 1965 were all significantly above those in 1964. During the 1961-65 period average annual prices for these commodities showed a marked upward trend. Price increases for fishmeal sharply exceeded the others while those for peanut cake and meal increased least.

Prices for fishmeal continue substantially above those for other cakes and meals reflecting the significantly higher protein content. However, fishmeal prices in 1965, when corrected for differences in protein content, were for the first time significantly above those for soybean meal.

AVERAGE ANNUAL PRICES FOR SELECTED COMMODITIES[1]

Item	1961	1962	1963	1964	1965
	U.S. dol. per bu.	*U.S. dol. per bu.*	*U.S. dol. per bu.*	*U.S. dol. per bu.*	*U.S. dol. per bu.*
Soybeans[2]	3.01	2.74	3.00	3.02	3.17
	U.S. dol. per short ton	*U.S. dol. per short ton*	*U.S. dol. per short ton*	*U.S. dol. per short ton*	*U.S. dol. per short ton*
Soybean cake and meal[3]	90.4	95.9	102.4	101.9	104.8
Peanut cake and meal[4]	84.0	92.7	96.5	99.5	108.3
Linseed cake and meal[5]	77.5	86.3	91.9	90.3	93.3
Fishmeal[6]	111.2	124.0	120.9	134.1	165.2

[1] Weekly prices c.i.f. European ports; converted from original quotations at an average rate of 2.8 U.S. dollars per £ sterling. [2] American origin No. 2 yellow, bulk. [3] Canadian origin, 45 percent. [4] Nigerian origin, 56 percent expellers. [5] Argentine origin, 39 percent. [6] Peruvian origin, 65 percent.
Public Ledger, London (Saturday edition).

U.S. Tung Oil Imports Increases

Imports of tung oil into the United States during November 1965-August 1966 amounted to 23.2 million pounds, compared with 22.3 million in the corresponding months of 1964-65.

Imports from Paraguay were more than double those of a year ago while those from the major supplier, Argentina, declined.

The total U.S. supply of tung oil in the 1965-66 period is estimated at 86 million pounds, including 10 million pounds produced from domestically grown nuts. This compares with 82 million pounds in 1964-65, of which 36.8 million were domestically produced

Current indications are that U.S. tung oil production in 1966-67 will approximate 33 million pounds while domestic consumption may amount to about 40 million pounds.

U.S. IMPORTS OF TUNG OIL

Country	November-October			November-August[1]	
	1962-63	1963-64	1964-65	1964-65	1965-66
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Argentina	13.4	16.8	17.0	15.8	12.8
Brazil	1.6	1.3	1.2	1.2	1.1
Paraguay	5.1	11.0	5.4	4.1	8.8
Others[2]	.2	.4	1.4	1.2	.5
Total	20.3	29.5	25.0	22.3	23.2

[1] Preliminary. [2] Mainly Zambia, Rhodesia, and Malawi.

Senegalese Peanut Production Reduced

Senegal's 1966-67 commercial peanut production is not expected to exceed 700,000 metric tons, as a result of the severe drought in the principal producing areas *(Foreign Agriculture*, Sept. 5, 1966). An outturn of this volume would be one-fourth less than the record 960,000 tons commercialized from the 1965-66 crop.

The drought, which began in late June and continued well into August, prevented germination of much of the plantings and necessitated extensive replantings in most areas. According to one official source, as much as 50 percent of the crop is much later than normal, owing to replantings or delayed first plantings.

The sizable replantings are creating uncertainty, and estimates may be revised downward as the season progresses. Although peanuts have appeared to do well after the rain finally began, indiscriminate samplings of the fields have reportedly revealed disappointing yields. A Ministry of Agriculture official said that the samplings showed average yields of only 8 peanuts per plant, compared to a normal average yield of 18 per plant.

Another concern of the Senegalese is whether the rains will continue long enough to push the late crop to full maturity and, if so, whether the later than normal rains would result in significant early crop losses due to delayed harvesting.

Prices to producers for 1966-67 crop peanuts have not yet been announced.

Senegal's exports of peanuts and peanut products during 1965 and the first 4 months of 1965 and 1966 were as follows:

Item	1965	January-April	
		1965	1966
	Metric tons	*Metric tons*	*Metric tons*
Peanuts, shelled	216,846	125,603	124,515
Peanut oil, crude	118,298	37,609	38,614
Peanut oil, refined	24,247	7,347	9,250
Peanut oilcake	196,430	63,798	61,318

Peru Launches 5-Year Corn Plan

Peru has launched a new 5-year plan under its continuing National Corn Program, to cover the period 1966-70. The plan does not set production goals, but has the following objectives: (1) Development of improved varieties of corn; (2) increased production of hybrid seed; and (3) promotion of better cultural practices and use of fertilizer.

The new plan will make a major first effort to increase the output of corn in the mountain areas. Emphasis will be placed on development of varieties of corn for direct human consumption. It is estimated that the new plan will cost $984,000.

The National Corn Program has previously worked primarily in the coastal area, concentrating its efforts on the production of corn for industrial uses and animal feeding as well as direct human consumption. Over the 10-year period ending in 1963, $279,000 were spent on the Program, increasing corn output 125,000 tons a year.

Both increased acreage and yield have contributed to the trend for larger corn production, as the accompanying table indicates. The 1965-66 crop was the exception, with yields cut by frost in the sierras and drought on the coast.

Relatively high corn prices have stimulated increases in corn acreages; and, with cotton prices declining, there has been a significant switch of cotton land to corn production.

Corn yields have followed an upward trend, especially on the coast, much of this attributable to the continuing work of the Corn Program in developing, testing, and promoting the use of hybrid seed.

PERU'S CORN PRODUCTION

Year	Area	Yield	Production
	1,000 acres	*Bushels per acre*	*Million bushels*
1960	809	21.9	17.7
1961	817	22.1	18.1
1962	836	22.6	18.9
1963	857	23.1	19.9
1964	890	23.4	20.9
1965	939	21.4	20.1

High-Lysine Corn To Be Bred in Mexico

The Rockefeller Foundation in Mexico has become interested in developing high-lysine corn and is starting intensive breeding work on it there. A laboratory is to be established, and Dr. Lynn Bates—the developer of the high-lysine corn at Purdue University—will head all the work for 2 years.

The Foundation—which established a $55,000 initial fund to finance the work and already has the necessary land resources available—anticipates no delays. A crash program is planned.

Dr. E. J. Wellhausen, foundation director, has stated that the high-lysine gene, Opaque 2, can be added to a corn variety without changing other characteristics of the variety. After 3 years, it is anticipated that Opaque 2 will have been added to three important Mexican varieties—one adapted to high altitudes, one to plateau areas, and one to tropical sections. In addition, experiments will be carried out with some 5,000 varieties from other Latin American countries.

Honduran 1966 Cigar Leaf Harvest Revised

The 1966 cigar leaf harvest in Honduras is currently placed at 1.3 million pounds, compared with an earlier season forecast of 1.6 million. Excessively humid weather during the growing season reduced the final outturn.

The 1966 harvest of Havana-type cigar wrapper is placed at 310,000 pounds, compared with the 1965 harvest of 285,000. Production of Havana-type cigar filler tobaccos totaled 1,030,000 pounds, compared with 780,000 last year.

HONDURAN CIGAR LEAF PRODUCTION

Kind	1963-64	1964-65	1965-66[1]
Area:	*Acres*	*Acres*	*Acres*
Wrapper	420	345	529
Filler	830	835	1,233
Total	1,250	1,180	1,762
Harvest:	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
Wrapper	504	285	310
Filler	996	780	1,010
Total	1,500	1,065	1,320

[1] Preliminary, subject to revision.

The Copan area in western Honduras is the principal growing region for Havana-type cigar tobaccos. The 1966 harvest in this area totaled 760,000 pounds; the remaining 560,000 pounds was produced in the Jamistran Valley area.

Over three-fourths of this domestic production was grown for the export market, principally the United States. The remaining production will be used in a new cigar factory which commenced operations in April 1966. Output of cigars for calendar year 1966 is forecast at 3 million pieces, of which about one-third will be exported to the United States under the trademark "Danlys." The new cigar factory is expected to reach maximum output capacity next year—about 5 million cigars annually.

Canada's Tobacco Exports Down

Canada's exports of unmanufactured tobacco during the first half of 1966 totaled 26.4 million pounds—down 16.1 percent from the 31.5 million shipped abroad in January-June 1965. Smaller shipments to the United Kingdom, the Netherlands, and Hong Kong accounted for most of the decline in the tobacco exports.

CANADA'S TOBACCO EXPORTS

Destination	January-June		
	1964	1965	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United Kingdom	30,837	26,067	21,772
Germany, West	2,223	896	1,676
Denmark	1,005	306	626
Netherlands	776	832	429
States of Malaya & Singapore	249	176	348
Hong Kong	257	1,071	161
Belgium-Luxembourg	715	259	110
USSR	2,712	.....	.....
Czechoslovakia	1,000	.....	.....
Others	3,485	1,895	1,300
Total	43,259	31,502	26,422

Trade of Canada.

Flue-cured exports totaled 24.6 million pounds compared with 29.5 million for the first 6 months last year. Shipments to the United Kingdom, the principal export market, dropped to 21.2 million pounds from 25.5 million in January-June 1965. Other countries taking less Canadian flue-cured tobaccos during the first half of 1966 than last year included Belgium-Luxembourg, Norway, Hong Kong, Finland, and the United States. West Germany, the Netherlands, Denmark, the States of Malaya, and Singapore stepped up their purchases.

Burley exports during January-June 1966 totaled 1,731,000 pounds, slightly down from the 1,791,000 pounds for the same period last year. The United Kingdom, West Germany, the Netherlands, and Hong Kong are the four principal foreign markets. Reduced shipments to the United Kingdom, the Netherlands, and Hong Kong more than offset larger takings by West Germany. Shipments to West Germany rose to 770,000 pounds (66.8 Canadian cents per lb.), from 594,000 in the first 6 months last year.

Record Dairy Production in New Zealand

New dairy production records were set in New Zealand in 1965-66 for the fourth successive season. For the year ended May 31, 1966, milk production is estimated at 14 billion pounds—3.2 percent greater than production in the previous season. This gain is attributed partly to an increase of nearly 3 percent in the dairy herd and partly to further increases in average yields per cow.

By far the greater portion of the increased milk production was used for the manufacture of dairy products, since consumption of fluid milk was up only slightly in 1965-66. The manufacture of creamery butter took 72 percent of the total milk supply; that of cheese, about 15 percent; and that of condensed and dried milk, about 3 percent.

Production of creamery and whey butter, at 570 million pounds, was almost 4 percent greater than in 1964-65. Output of cheese, at 237 million pounds, was approximately the same as a year ago. The manufacture of nonfat dry milk has been increasing steadily for several years. Output in 1965-66 totaled 192 million pounds, more than 7 percent above the previous year's production, and more than double that of 1961-62.

The Netherlands Buys More Nonfat Dry Milk

In the first half of 1966, the Netherlands imported 147 million pounds of nonfat dry milk. This represents an increase of approximately 47 million pounds over comparable 1965. Principal supplier was the United States, which shipped 49 million pounds against 63 million in the same period a year ago. Another supplier in the Western Hemisphere was Canada, which in 1966 shipped 15 million pounds, an increase of 12 million over January-June 1965.

Among West European countries, France was the largest supplier in 1966, with 34 million pounds; last year, it supplied 6 million. Other West European sources included West Germany and the United Kingdom, which shipped 15 million pounds each, and Finland, 5 million pounds.

A new supplier to the Netherlands in 1966 was New Zealand with 6 million pounds.

Turkey Has Small Walnut Crop

Turkey's 1966 commercial walnut production is estimated at 6,000 short tons—25 percent less than in 1965 and 29 percent below average. The decline was due to late spring frost damage. As a result of the short crop, domestic prices have reportedly risen by 25 percent, with further increases expected. Export prices however have remained fairly steady, with light halves from the 1965 crop quoted in early October at $1.07 per pound l.d.p. London. They opened the season last November at $1.05 per pound.

TURKEY'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis[1]]

Item	Average 1960-64	1964-65	1965-66[2]	1966-67[3]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	0.2	....	....	....
Production	8.4	7.5	8.0	6.0
Imports	....	....	....	....
Total supply	8.6	7.5	8.0	6.0
Exports	4.7	3.5	3.9	2.8
Domestic disappearance	3.7	4.0	4.1	3.2
Ending stocks (Sept. 30)	.2	....	....	....
Total distribution	8.6	7.5	8.0	6.0

[1] Shelled data converted to in-shell basis at 2.5:1. [2] Preliminary. [3] Forecast.

Also because of the small crop, exports are expected to drop to 2,800 tons in-shell basis—about 40 percent below

average and 28 percent below the past season's level of 3,900 tons. Domestic consumption too will be below normal.

Yugoslavia Produces Average Walnut Crop

Yugoslavia's 1966 commercial walnut production is estimated at 3,600 short tons in-shell basis, twice as large as the very poor 1965 crop but virtually the same as the 1960-64 average production.

Exports during the 1965-66 marketing season totaled less than 300 short tons in-shell basis, according to preliminary data. Recorded exports for October 1965-March 1966 were 52 tons in-shell to Czechoslovakia and 65 tons of kernels to Austria. This is believed to have exhausted the 1965 crop. Exports during 1964-65 totaled 1,043 tons in-shell basis and consisted of 533 tons of in-shell nuts and 204 tons of kernels. Most of the in-shells went to East Germany and most of the kernels to Austria.

YUGOSLAVIA'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1960-64	1964-65	1965-66[1]	1966-67[2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	....	....	....	....
Production	3.7	3.5	1.8	3.6
Imports	....	....	....	....
Total supply	3.7	3.5	1.8	3.6
Exports[3]	1.0	1.0	0.3	1.3
Domestic disappearance	2.7	2.5	1.5	2.3
Ending stocks (Sept. 30)	....	....	....	....
Total distribution	3.7	3.5	1.8	3.6

[1] Preliminary. [2] Forecast. [3] In-shell basis arrived at by converting kernels at 2.5:1.

YUGOSLAVIA'S WALNUT EXPORTS

Type and destination	Average 1960-64	1963-64	1964-65	1965-66[1]
	Short tons	*Short tons*	*Short tons*	*Short tons*
IN-SHELL				
Austria	10	....	....	....
Czechoslovakia	10	50	....	52
East Germany	270	605	454	....
Poland	31	....	80	....
Other countries	....	1	....	....
Total	321	656	534	52
SHELLED				
United States	5	....	....	....
Austria	250	347	151	65
Czechoslovakia	8	....	42	....
Switzerland	2	....	11	....
West Germany	7	9	....	....
Other countries	6	27	....	....
Total	278	383	204	65

[1] Preliminary.

India Has Near-Record Walnut Crop

India's 1966 commercial walnut production is estimated at 15,000 short tons in-shell basis, only 3 percent short of the record 15,500-ton 1960 crop. Some sources believe the new crop to be even larger. If the estimate proves accurate, the harvest would be 10 percent above average and 36 percent above the poor 1965 total.

The bumper crop was attributed to favorable weather during the growing season, and picking is expected to be spurred on by more attractive prices (mostly as a result of devaluation of the rupee making exports more competitive).

Exports during the 1965-66 marketing year are estimated at only about 6,600 short tons in-shell basis, compared with 9,000 tons the year before and a 1960-64 average of 11,200 tons. Official recorded exports during October 1965-May 1966 totaled 2,452 short tons of in-shell nuts and 1,432 tons of kernels—official data showing kernel and in-shell shipments separately for the first time. Of these totals the United Kingdom took 71 percent of the in-shell nuts and 62 percent of the kernels. The United States bought 13 percent of the kernels and no in-shell nuts.

INDIA'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1960-64	1964-65	1965-66[1]	1966-67[2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	0.4	0.3	0.2	0.2
Production	13.6	13.0	11.0	15.0
Imports	....	....	....	....
Total supply	14.0	13.3	11.2	15.2
Exports[3]	11.2	9.0	6.6	10.0
Domestic disappearance	2.6	4.1	4.4	4.7
Ending stocks (Sept. 30)	.2	.2	.2	.5
Total distribution	14.0	15.3	11.2	15.2

[1] Preliminary. [2] Forecast. [3] Exports on an in-shell basis based on an unofficial breakout of shelled and in-shell nuts from the official total.

Spanish Canned Fruit Pack Lower

Spain's 1966 canned apricot pack is estimated at 4,200,000 cases (of 24 No. 2½ cans)—down 273,000 from the revised 1965 figure. Apricot pulp packed in water may account for approximately 74 percent of the pack, with the remainder packed in syrup. The 1966 canned peach pack may total 2,550,000 cases, compared with 2,895,000 a year earlier. Of the current pack, 1,550,000 cases may be in pulp and 1 million in syrup. The reduced apricot and peach packs are attributed to adverse weather and insect conditions in the major fruit growing regions.

Between October 1, 1965, and September 1, 1966, Spain exported 3,015,999 cases of apricots and 502,348 of peaches. In the same period of 1964-65 the figures were 2,767,863 and 730,247 cases, respectively. For both apricots and peaches, exports of pulp are larger than those in syrup.

The United Kingdom, West Germany, Belgium, and Holland are Spain's leading foreign markets for canned fruits.

SPAIN'S PRODUCTION OF CANNED APRICOTS AND PEACHES

Product	1965[1]	1966[2]
	1,000 cases[3]	*1,000 cases*[3]
Apricots:		
Pulp	3,295	3,100
In syrup	1,178	1,100
Total	4,473	4,200
Peaches:		
Pulp	1,699	1,550
In syrup	1,196	1,000
Total	2,895	2,550

[1] Revised. [2] Preliminary. [3] Size 24/2½.

Turkish Cotton Crop a Record

The 1966-67 cotton crop in Turkey is expected to reach a record 1.7 million bales (480 lb. net), 13 percent above

the 1965-66 crop of 1.5 million bales. The increase is largely attributed to favorable growing conditions, increased use of fertilizers, and relative freedom from pest problems. Around two-thirds of the Turkish cotton area is under irrigation. Acreage this season is 1,738,000, compared with 1,693,000 in 1965-66. Most of the increase in planted area was in the Aegean region, where 90 percent of the cotton area is irrigated. In the Cukurova region, which accounts for over one-half of Turkey's cotton production, an increasing percentage of the total cotton area is being grown under irrigation.

Exports of cotton from Turkey in the 1965-66 season (August-July) were 920,000 bales, compared with 773,000 in 1964-65. Exports to principal destinations in the 1965-66 season, in thousands of bales with 1964-65 figures in parentheses, were the United Kingdom 175 (160), Italy 112 (76), West Germany 92 (84), Belgium 80 (74), Switzerland 64 (40), France 57 (50), Lebanon 48 (27), Portugal 48 (96), Spain 43 (15), Greece 29 (27), Hungary 28 (11), and Taiwan 25 (13).

Cotton consumption in Turkey during the 1965-66 season was about 625,000 bales, compared with 600,000 in 1964-65.

Stocks on hand August 1 were around 180,000 bales, about the minimum requirement for Turkey's growing textile industry.

Syrian Cotton Crop Estimated Lower

The 1966-67 cotton crop in Syria is estimated at 750,000 bales (480 lb. net), 9 percent below last season's record outturn of 825,000 bales. The decrease in production is attributed to a 15-percent decline in planted area. Area devoted to cotton this season is estimated at 630,000 acres, compared with 730,000 acres in 1965-66. Around 88 percent of the 1966-67 cotton area is irrigated. Dryland cotton area is about half as large as a year ago.

Syria consumed an estimated 100,000 bales of cotton in 1965-66 and is expected to use slightly more this season.

Cotton exports from Syria in the 1965-66 season (August-July) totaled 712,000 bales, compared with 726,000 bales in 1964-65. Exports to principal destinations in 1965-66, in thousands of bales with comparable 1964-65 figures in parentheses were Mainland China 155 (203), the USSR 128 (73), Japan 68 (7), France 61 (87), Romania 60 (84), West Germany 47 (38), the Netherlands 30 (21), Poland 27 (39), Hong Kong 22 (2), Italy 18 (31), Belgium 17 (1), Hungary 15 (27), Bulgaria 14 (24), and Spain 14 (0). Syria exported 410,000 bales to Communist countries in 1965-66, or 58 percent of its total exports. This compares with 465,000 bales in 1964-65, or 64 percent of total exports.

U.K. Lard Imports 18 Percent

Imports of lard into the United Kingdom during the first 8 months of 1966 dropped 18 percent from those of the same period last year.

The U.S. share of the market continued to dwindle—the result of short supplies and higher prices that have prevailed in the United States. In recent years, U.S. lard had as much as 90 to 95 percent of the U.K. market.

U.K. buyers have turned to European suppliers to fill their requirements. Practically every country in Western Europe—as well as several East European countries—has shipped lard to the United Kingdom in 1966. Belgium continues to be the second most important supplier, although the greater portion of the lard shipped from Belgium originates in other countries.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN

Country of origin	January-August 1965 Quantity	1965 Percent of total	January-August 1966 Quantity	1966 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	197,242	59.0	77,650	27.6
Belgium	73,036	21.8	69.613	24.7
Poland	2,889	.9	27,284	9.7
Romania	280	.1	20,325	7.2
Denmark	16,351	4.9	19,302	6.9
Italy	14,532	4.3	16,150	5.7
Netherlands	7,201	2.2	14,407	5.1
France	13,961	4.2	13,803	4.9
Germany, West	2,752	.8	7,810	2.8
Bulgaria	.....	.....	4,091	1.5
Switzerland	587	.2	3,964	1.4
Sweden	4,286	1.2	3,913	1.3
Others	1,466	.4	3,493	1.2
Total	334,583	100.0	281,805	100.0

Henry A. Lane and Co., Ltd., London.

Third Quarter U.S. Cocoa Bean Grind Up

Grindings of cocoa beans in the United States during the third quarter of 1966 amounted to 151.1 million pounds, up 1.3 percent from July-September 1965. The cumulative 9-month 1966 grind totaled 472.4 million pounds, an increase of 4.7 percent over the same period in 1965. Total 1965 grindings were 628.5 million pounds.

WORLD CROPS AND MARKETS

Cotton
18 Turkish Cotton Crop a Record
19 Syrian Cotton Crop Estimated Lower

Dairy and Poultry Products
17 Record Dairy Production in New Zealand
17 The Netherlands Buys More Nonfat Dry Milk

Fats, Oilseeds, and Oils
15 EEC Imports of Soybean, Cakes, and Meals
15 U.S. Tung Oil Imports Increase
16 Senegalese Peanut Production Reduced

Fruits, Vegetables, and Nuts
17 Turkey Has Small Walnut Crop
18 Yugoslavia Produces Average Walnut Crop
18 India Has Near-Record Walnut Crop
18 Spanish Canned Fruit Pack Lower

Grains, Feeds, Pulses, and Seeds
16 Peru Launches 5-Year Corn Plan
16 High-Lysine Corn To Be Bred in Mexico

Livestock and Meat Products
19 U.K. Lard Imports Down 18 Percent

Sugars, Fibers, and Tropical Products
19 Third Quarter U.S. Cocoa Bean Grind Up

Tobacco
16 Honduran 1966 Cigar Leaf Harvest Revised
17 Canada's Tobacco Exports Down

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Highlights of the Agriculture and Trade of Canada

Resources:—Canada is the second largest nation of the world with an area of 3.85 million square miles. Population, growing at an annual rate of 1.8 percent, reached 20 million in mid-1966. Per capita gross national product (GNP), estimated at $2,472 in 1965, was exceeded only by that of the United States. Canada is one of the world's leading agricultural nations, but farming provides only 7 percent of total GNP and employs less than 10 percent of the active labor force.

Agriculture:—Canadian farm output reached a record level in 1965—30 percent above the 1957-59 average. Approximately 3.5 percent of total land is in crops and fallow, with 3.6 percent in forage and pasture. Production of livestock and poultry products—important in the eastern Provinces (Ontario, Quebec, Maritime)—represents nearly 60 percent of farm income. Nearly 30 percent of farm income is provided by grains and oilseeds, grown principally in the western Prairie Provinces (Manitoba, Saskatchewan, Alberta).

Food situation: Daily caloric intake averaged 3,061 per capita for 1964-65. The average diet is well-balanced with protein intake of 3.3 ounces per day, more than one-half of which is of animal origin.

Foreign trade:—Growth and diversification of the economy has been associated with expansion in trade. Exports increased from $5.8 billion in 1960 to $8.5 billion in 1965 when Canada ranked fourth as a world trading nation. Agricultural products are secondary to manufactured goods and forestry products and currently contribute 20 percent of total export earnings. Wheat represents 12 percent of total export value. Other grain and grain products, oilseeds, and livestock and livestock products are also important.

Industrial raw materials and machinery account for a large share of Canadian imports, valued at $8.7 billion in 1965. Canada provides a growing market for cotton, sugar, various tropical products, fruits and vegetables, pork, poultry meat, fats and oils, and other agricultural products comprising 12 percent of all imports.

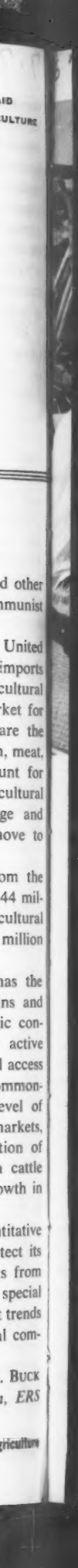
The United States accounts, in value, for more than 60 percent of Canada's total exports and imports. Another 16 percent is provided by the United Kingdom and other Commonwealth nations. In recent years, the Communist countries have become important export markets.

Agricultural trade with the United States:—The United States supplies more than one-half of Canadian imports and takes about one-fourth of its exports of agricultural products. Canada ranks second to Japan as a market for U.S. agricultural exports. Fruits and vegetables are the principal U.S. exports to Canada, followed by cotton, meat, soybeans, and corn. Cattle, pork, and beef account for one-third to one-half the value of Canadian agricultural exports. Significant quantities of Canadian forage and coarse grains, fruits and vegetables, and seeds move to United States markets.

The value of Canadian agricultural imports from the United States rose from $412 million in 1960 to $444 million in 1965. During that period, Canadian agricultural exports to the United States increased from $168 million to $234 million.

Factors affecting agricultural Trade:—Canada has the capacity to maintain exports—particularly of grains and oilseeds—near present levels despite rising domestic consumption. A high level of trade is favored by active Canadian programs to expand exports and by special access to markets in the United States and the British Commonwealth nations. Limiting factors could be the level of import demand in those and other important markets, competition from other suppliers, and the restriction of transportation and storage facilities. A decline in cattle numbers, continuing since 1964, may also limit growth in exports of livestock and livestock products.

Canada supplements its import tariffs with quantitative controls, including prohibitions and quotas, to protect its grain and livestock industries. Agricultural imports from British Commonwealth nations are favored by special preferential duties. However, economic development trends indicate that Canadian imports of many agricultural commodities may continue to rise.

—WILLIAM F. BUCK
Foreign Regional Analysis Division, ERS

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